Partners Capital Sustainable Investing Policy

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This Sustainable Investing Policy describes our principles-based approach to Sustainable Investing and the integration of sustainability risk factors into our investment decision making. We believe that assessing the ESG integration approaches of those third-party asset managers with whom we invest and engaging with them to continuously improve their ESG processes and approaches help us generate better long-term investment outcomes for our clients while at the same time having a positive impact on society and the environment. At the same time, we aim to deploy capital into opportunities which have the potential to contribute to positive social and environmental outcomes for planet and society.

Our policy includes five pillars:

1. **Assessment:** We assess the ESG integration and stewardship approaches of those third-party asset managers with whom we invest through our ongoing communications and monitoring which is augmented by our periodic Asset Manager ESG Integration Survey.
2. **Engagement:** We seek to constructively engage with those third-party asset managers with whom we invest to ensure they are deploying best practice integration and stewardship approaches.
3. **Capital Allocation:** We seek to generate additional returns and drive sustainability outcomes by allocating capital to those managers who have gained investment insights through integrating material ESG considerations and through allocating to companies and sectors who are contributing to and benefiting from sustainability trends, where it aligns with our clients' sustainability preferences.
4. **Exclusions:** We prefer engagement over blanket exclusionary approaches, and therefore we only deploy a minimal firm-wide exclusions policy.
5. **Advocacy and Social Responsibility:** We collaborate with our clients, third-party asset managers with whom we invest and leading capital owning institutions to support the acceptance and implementation of Sustainable Investing practices across the financial services industry.

These five pillars help us to deliver impact as a business by: contributing to financial outperformance for our clients, encouraging adoption of best practice ESG integration in financial markets through our strong and long-lasting relationships with asset managers across various asset classes, and through the allocation of capital to those companies and sectors contributing to sustainability outcomes.

1. Assessment

We believe that the integration of financially material ESG factors and stewardship insights into investment decision making, as well as having best-in-class Diversity, Equity and Inclusion ("DEI") policies in place, help asset managers to make better long term investment decisions. As such, the integration of financially material ESG factors *alongside* traditional fundamental analysis provides asset managers with a more comprehensive assessment of an investee company or asset, the risks it is exposed to and its longer-term prospects.

Our assessment of manager's ESG integration and stewardship approaches begins with our initial due diligence on third-party asset managers before we formally approve them for investment. As part of our formal due diligence process we aim to ensure that every newly approved asset manager responds to our Asset Manager ESG Integration Survey, due diligence timelines permitting. Thereafter, that assessment is ongoing through the life of the relationship including during our formal due diligence updates and periodic interactions.

Based on the information gathered in the survey and during our ongoing monitoring of the managers, we assign one of our four Partners Capital ESG classifications to every surveyed manager. For asset managers to receive the highest classification, we expect them to consequentially integrate financially material ESG factors and insights from their engagements with investee companies into their investment processes whilst appreciating that the methodology will vary according to asset class and investment philosophy.

In certain cases, an asset manager may not respond to our request for completion of the survey, in which case, for those managers investing in a sector with heightened ESG risk, we would seek, through alternative means (e.g. direct engagement with the manager on the issue), to determine the degree to which the relevant manager integrates financially material ESG factors into its investment process. A manager's openness and transparency with respect to ESG matters may be, but is not necessarily always, a factor in our determination as to whether or not we proceed with the investment.

2. Engagement

We aim to constructively engage with those third-party asset managers with whom we invest to assist them in improving their ESG integration and stewardship practices, as well as their DEI approaches, especially in cases where our Survey has identified that their practices are lagging our expectations. The goal of our engagements is to establish best practice integration and engagement approaches in the asset management industry.

We believe that collaboratively engaging with asset managers on improving their ESG integration approaches will ultimately lead to better long-term financial outcomes for our clients and create a greater impact for society and the environment, rather than constraining our investment options through blanket exclusions of asset managers because of manager-specific ESG concerns.

We aim to approach our engagements with the asset managers with whom we invest in a pragmatic, but structured way. Managers are, in general, prioritised for engagement based on the size of the relationship we have with these managers and their current ESG integration status. We aim to focus our systematic engagement efforts where we can have realistically the biggest positive impact. For our engagements, we seek to propose measurable, achievable, and time-bound objectives focused on improvements to such managers' ESG integration practices, alongside appropriate escalation steps in case we do not see tangible progress in the evolution of our managers' ESG integration approaches.

3. Capital Allocation

Alongside investing in asset managers with highly developed ESG integration and stewardship practices, Partners Capital also aims to selectively deploy capital into opportunities which have the potential to contribute to positive social and environmental outcomes for planet and society, whilst generating a competitive financial return, where these opportunities align with our clients' sustainability preferences. We remain particularly interested in investments which will benefit from and contribute to the sustainability megatrend given our expectation of both the capital requirement to finance these transitions and the associated disruption which we believe will leave few industries unaffected.

We rely on the expertise of our dedicated asset class research teams to pursue the most attractive investments in each asset class. For example, in public equities, we have been exploring energy transition long/short strategies that seek to back the future winners of the energy transition whilst simultaneously taking short positions in those companies deemed to be poorly prepared for the transition. Within private markets, we are similarly focused on identifying opportunities relating to climate change, recognising that many of the technologies required to meet global climate goals and net zero targets do not yet exist and funding the development and commercialisation of these technologies presents an opportunity to have meaningful impact whilst generating attractive financial returns.

4. Exclusions

As an overarching principle, when integrating sustainability risks into our investment decision making, Partners Capital prefers engagement over exclusionary investment approaches. We believe that investors can have a greater impact on management behaviour through active engagement and exercising voting rights.

However, Partners Capital has decided to not invest directly in companies operating in a few sub-sectors. Unless specifically mandated by our clients to do otherwise, we aim to exclude direct exposure to producers of thermal coal, manufacturers of controversial weapons (including cluster munitions and anti-personnel landmines), tobacco producers and companies engaging in "payday lending" practices from our directly held public equities portfolios[1]. Our view is that companies in these sectors have little scope for improving their ESG profile in the years ahead and have limited scope for contributing to a more sustainable world, unlike some oil and gas producers who may have the potential to contribute meaningfully to the transition to a low carbon economy.

We aim to also apply our exclusions policy on a best efforts basis to our discretionary pooled vehicles and client portfolios. While we seek to minimise look-through exposure to these sectors via underlying funds managed by one of our third party managers where practically possible, Partners Capital do not have

[1] In determining whether or not to exclude a particular security from our directly held equities portfolio, we screen relevant securities for a variety of different types of involvements depending on the sector in question. As it relates to thermal coal, a 0% revenue threshold is applied to companies involved with the mining and sale of thermal coal (i.e. companies deriving any revenues from the mining and sale of thermal coal, including lignite, bituminous, anthracite and steam coal, will be excluded from our directly held equities portfolio). This screen does not capture: revenue from metallurgical coal; coal mined for internal power generation (e.g. in the case of vertically integrated power producers); intra-company sales of mined thermal coal; and revenue from coal trading. A 0% revenue threshold is also applied with respect to companies involved in the manufacture of controversial weapons and with respect to companies that provide products and services associated with the 'payday' lending sector. We screen for tobacco producers applying a 0% revenue threshold. For companies involved in the distribution, licensing, retail and supply activities of tobacco products we apply a 10% revenue threshold.

control over positions held by third party managers and, as such, there may be instances where there is indirect exposure to the excluded sectors mentioned above. We understand that certain clients, regardless of our firm-wide approach to exclusions, may also seek to exclude additional sectors and/or companies from the investible universe. In those instances, we will work closely with our clients to design client-specific portfolios in line with those expectations where possible.

Proxy voting

Where Partners Capital has authority to vote client proxies for directly held public equity positions, we will vote each proxy in accordance with our fiduciary duty to our clients, subject to any operational constraints. Partners Capital has retained Institutional Shareholders Services Inc. (“ISS”) to assist in the proxy voting process, using its Sustainability Policy recommendations, which is the voting policy that most closely aligns with our firmwide Sustainable Investing Policy. Its recommendations are underpinned by internationally recognized sustainability-related initiatives, such as the ‘PRI’, (to which Partners Capital is a signatory) which act as the policy’s frame of reference.

5. Advocacy and social responsibility

We collaborate with our clients, asset managers and leading institutional investors across the investment industry to support the acceptance and implementation of Sustainable Investing practices. We actively seek meaningful partnerships and opportunities to grow our network to deepen our knowledge and broaden our impact in this rapidly evolving space.

Our clients often have their own purpose and an array of social or environmental causes that they support. Accordingly, we cannot recommend a specific sustainable investment policy that would be common to all clients. Whilst our investment program will always be governed by our own core beliefs, where our clients have additional sustainable investment preferences, we commit to assisting them in the ongoing development of their bespoke Sustainable Investing policies which reflect their specific values and to build portfolios which adhere to those policies.

As part of our advocacy work, Partners Capital became a signatory to the PRI, publicly demonstrating our commitment to Responsible Investing. As a signatory, Partners Capital pledges to pursue the PRI’s six principles for responsible investment. Additionally, Partners Capital actively engages in the IIGCC, furthering our commitment to examine the impact of climate change on investments and to collaborate with like-minded investors on environmental impact.

Partners Capital is committed to encouraging DEI. We believe that workplace diversity results in improved decision making which leads to better investment outcomes for our clients. Our DEI policy is guided by equality, fairness, inclusiveness and respect for all our employees and our aim is to create a true meritocracy, meaning that there is no discrimination on the basis of gender, race, religion, age, disability, pregnancy and maternity, and sexual orientation. Our ambition to cultivate and preserve a culture of diversity, equity and inclusion are executed through several global initiatives including our DEI council, dedicated learning and teaching, and DEI partnerships. The Partners Capital DEI Council includes team members from our seven offices worldwide who are tasked with increasing awareness about DEI in the workplace. This includes educating our global team through events and newsletters to celebrate commemorative observances (i.e., Black History Month, Pride Month, Women's History Month) and championing DEI day-to-day. In addition, our Women's Network seeks to build community and develop female talent through a global speaker series, other internal events and external conference attendance. With regards to learning, we offer a number of DEI-focused trainings and resources to our global team. Partners Capital offers DEI-focused trainings and educational resources to our team regionally and globally to support our inclusive culture. Every team member completes unconscious bias and inclusion training and has access to an internal DEI portal that contains resources including a DEI glossary and inclusion best practices. Team member wellbeing and mental health are also supported through a variety of regional benefits and resources. Finally, we partner with several organizations to further our DEI ambitions including: Seizing Every Opportunity (SEO); Girls Who Invest (GWI); 30% Club; 10,000 Black Interns; Girls Are Investors (GAIN); and Toigo.

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